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**City of Wilmington  
Audit Committee Meeting  
October 16, 2008  
10:30 AM**

**City Manager's Conference Room  
Subject: Consideration of Red Flag Policy**

**Agenda**

**Attendees:**

|                   |                 |
|-------------------|-----------------|
| Sterling Cheatham | Debra Mack      |
| Kristi Tomey      | Gene Meadows    |
| Jason Thompson    | Allison Collins |
| Ronald Sparks     |                 |

**Red Flag Rules – Identity Theft Act:** (Currently on October 21, 2008 City Council Agenda)  
**The City of Wilmington must meet Red Flag Rules Requirements by the effective date of November 1, 2008.**

**I. Procedures:**

- Reviewed the credit card processing procedures for the following departments for City of Wilmington:
  - i. Parks & Recreation Department including the following facilities:
    - 1. Docking Services
    - 2. Halyburton Park
    - 3. Golf Course.
  - ii. Finance Departments Loan Processing Division

**II. Issues:**

- City-Wide:
  - i. Sensitive Data (credit card account number, expiration date, security code, loan processing data including social security number, date of birth, direct contact information) is not being maintained in a secure location to ensure the data is protected.
  - ii. This increases the risk for the data to be stolen for reasons of identity theft and/or fraud or abuse.

**III. Recommendations:**

- i. The city needs to implement additional measures to strengthen controls to prevent and deter identity theft.
- ii. Recommend city-wide implementation and utilization of the HTE (AS400) Cash Receipts Module at all locations that accept payments.
- iii. Ensure all sensitive data is maintained in a secure ("locked") area to mitigate the risk of identity theft if the HTE Cash Receipts Module is not being utilized at the facility.
  - 1. Auditor Note: "locked" area includes a locked filing cabinet, locked safe or an office that is locked; all of these areas should also maintain limited access by employee's and citizens of the City of Wilmington

**Audit Committee Comments and Pending Approval of Red Flag Rules – Identity Theft Report completed by City of Wilmington City Auditor on October 2, 2008**

*\*Additional Auditor Notes: Currently working on a Fraud Policy & Audit Hotline Policy for the City of Wilmington.*